



MedStar Health

5565 Sterrett Place
5th Floor
Columbia, MD 21044
410-772-6500 PHONE
410-715-3754 FAX
medstarhealth.org

May 9, 2014

Kevin McDonald
Chief - Certificate of Need Division
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

RE: MedStar Southern Maryland Hospital Center
Certificate of Need Application #13-16-2350

Dear Mr. McDonald:

Enclosed please find the response of MedStar Southern Maryland Hospital Center to questions 5 – 8 of your April 4, 2014 request for additional information. Questions 1 – 4 concern revenue and expense projections under the Global Budgeted Revenue agreement, and you have requested a meeting with MedStar prior to the submission of our responses. Therefore, we request an extension of the time to submit our response to Questions 1 – 4 until after that meeting is held. I suggest we discuss a filing due date at that meeting.

Sincerely,

Patricia G. Cameron
Senior Policy Analyst, Government Affairs
MedStar Health

cc: Pamela B. Creekmur, Health Officer, Prince George's County
Thomas Dame, Gallagher Evelius & Jones
Howard Sollins, Ober, Kaler, Grimes & Shriver

Enclosures:

Responses
Attestation

Knowledge and Compassion
Focused on You

MedStar Southern Maryland Hospital Center - #13-16-2350

Response to April 4, 2014 Request for
Additional Information

May 9, 2014

Q5. Explain the assumptions underpinning your projections that inpatient surgical cases will more than double, and that outpatient surgical cases will increase by 16% within a five year span. What factors support these projections?

In order to develop the operating room volume projections for this CON application, two specific methods were used:

- Volume projections based on the proprietary Sg2 Impact of Change® forecast methodology were used to determine growth for inpatient and outpatient surgery. These projections use historical volumes as the baseline and then factor in projected volume changes based on factors including:
 - Population (e.g., population growth/decline and aging)
 - Epidemiology (e.g., changes in disease rates and impact of prevention measures)
 - Economics (e.g., unemployment rates)
 - Payment and policy (e.g., coverage expansion, cost sharing)
 - Innovation and Technology (e.g., new technology, shift in care delivery sites)
 - Systems of CARE (e.g., coordination and integration across sites of care)
 - Potentially Avoidable Admissions (e.g., volumes expected to shift to ambulatory settings)
 - Thirty Day Readmissions
- For outpatient surgical services in the MSMHC service area, outpatient surgery is forecasted to grow between 1.7% and 3% annually and inpatient surgery by about 1.7% per year.
- In areas where there are specific growth strategies identified, specific volume growth projections were included such as:

Service Line	Volume Growth	Program Development
Colorectal Surgery	50-100 inpatient cases per year	<ul style="list-style-type: none"> Establish the MedStar Cancer Network at MedStar Southern Maryland Hospital Center Expand surgical capabilities for colorectal including the relocation of a full-time colorectal surgeon from MedStar Washington Hospital Center to MedStar Southern Maryland Hospital Center For a group to provide cross coverage for MedStar Washington region hospitals
General Surgery	50-100 inpatient cases per year	<ul style="list-style-type: none"> In process of hiring three additional general surgeons Integration of group with MedStar Georgetown University Hospital faculty For a group to provide cross coverage for MedStar Washington region hospitals
Breast Surgery	25 inpatient cases per year; outpatient volume not projected for MSMHC due to Brandywine project	<ul style="list-style-type: none"> Establish the MedStar Cancer Network at MedStar Southern Maryland Hospital Center Expand surgical capabilities with a newly hired breast surgeon; recruit one additional breast surgeon
Orthopaedic Surgery	100 inpatient cases per year	<ul style="list-style-type: none"> Enhance relationship between MedStar Georgetown Orthopaedic Institute surgeons and MSMHC surgeons In process of recruiting additional orthopaedic surgeons
Vascular Surgery	25-100 inpatient cases per year	<ul style="list-style-type: none"> Increase the number of MedStar faculty surgeons with offices/session time on the MSMHC campus Relocation of a full-time vascular surgeon from MedStar Washington Hospital Center to MedStar Southern Maryland Hospital Center For a group to provide cross coverage for MedStar Washington region hospitals

As discussed with the Commission staff on April 16, 2014, by Dr. Joy Drass, Executive Vice President of MedStar Health's Washington Region, the growth plans listed above are already in progress with some actually having already been implemented (e.g., one breast surgeon hired, with second currently being recruited; integration of orthopaedic surgeons in process).

Q6. Please explain where all of this additional volume will come from, especially in an environment in which Maryland is emphasizing population health and lowered utilization.

Although general medical and cardiology volume is projected to decline, there is volume growth forecasted in certain specialties and surgical services due primarily to population growth and the aging of

the population. MedStar will continue its focus on population health management under the new Global Budget Revenue reimbursement methodology and does expect to see a continued reduction in potentially avoidable utilization. The MedStar ambulatory strategy will continue to be expanded including further development of off-campus ambulatory care centers, urgent care and primary care offices as well as our insurance products including both Medicaid and Medicare managed care plans. However, based on growth plans developed as part of the system's regional strategic plan and the continued need for hospital-based care for some patients (as described above in response to Question #5), there is an opportunity to grow surgical volume.

Q7. What hospitals will lose this volume, which must obviously include a large market share shift in addition to some organic growth?

The OR volume projections used in this CON application are based on surgical cases projected to repatriate to MSMHC from Washington Hospital Center and MedStar Georgetown University Hospital. Based on the MedStar Health's specific plans and the unknown impact of the proposed relocation of Prince Georges Hospital Center to Landover, impact beyond MedStar hospitals is not anticipated. The volume growth projected in this CON application is as a result of specific growth plans developed by MedStar Health with the explicit purpose of caring for people in their community and reducing outmigration to Washington D.C. hospitals – primarily MedStar Washington Hospital Center. The leadership of MedStar believes this is feasible and aligns with our stated goal of creating a distributed care delivery network providing access to high quality, low cost services for the communities we serve.

To accomplish this repatriation, one of the initial focus areas of MedStar at MSMHC has been to recruit and retain high quality physicians. MedStar will use its successful MedStar Washington Hospital Center and MedStar Georgetown University Hospital platforms to recruit physicians who will practice at MSMHC. Some of those physicians will be dedicated 100% to MSMHC and some will split time between MSMHC and another MedStar facility. Physicians will be linked through the use of MedStar's evidence-based protocols and electronic medical records to ensure high quality care. The next area of focus is to upgrade the MSMHC facility to current industry standards. The ORs are one example of a facility need because the current rooms are not sized appropriately and the area does not provide sufficient support space (e.g., pre- and post-op areas).

Q8. Please quantify by surgical specialty the projected growth in inpatient and outpatient surgical cases from FY 2014 to FY 2020:

- a. For which there are not specific growth strategies as identified on page 3 of the March 21, 2014 response; and**
- b. For colorectal surgery, general surgery, breast surgery, orthopaedic surgery, and vascular surgery. The total number of cases should agree with the numbers reported in your March 21st response.**

Volume growth by specialty is shown in the tables below:

Inpatient Cases								
	FY 2014	2015	2016	2017	2018	2019	2020	Growth
Specialty	Cases	Cases	Cases	Cases	Cases	Cases	Cases	FY 14-20
ENT	11	11	11	11	11	11	12	1
G/V	128	130	132	134	137	139	141	14
GEN*	513	738	888	1,038	1,188	1,338	1,488	975
GI	21	21	22	22	22	23	23	2
GYN	3	3	3	3	3	3	3	0
NEUR	23	23	23	24	71	142	145	122
OB	2	2	2	2	2	2	2	0
OBG	131	133	135	137	140	142	145	14
ORTH	548	648	748	848	948	1,048	1,148	600
PC	2	2	2	2	2	2	2	0
POD	89	90	92	93	95	96	98	10
THOR	143	145	148	150	153	155	158	15
TP	2	2	2	2	2	2	2	0
UROL	44	44	45	46	47	47	48	5
V/T	77	177	227	277	327	377	402	325
	1,731	2,167	2,477	2,787	3,145	3,527	3,815	2,084
Outpatient Cases								
	FY 2014	2015	2016	2017	2018	2019	2020	Growth
Specialty	Cases	Cases	Cases	Cases	Cases	Cases	Cases	FY 14-20
DENT	420	433	446	458	470	479	487	67
ENT	125	128	132	136	139	142	144	20
G/V	507	522	538	553	567	578	588	81
GEN*	501	516	532	546	560	571	581	80
GI	9	9	10	10	10	10	10	1
GYN	333	343	353	363	372	380	386	53
NEUR	50	51	53	54	55	56	57	8
OB	17	17	18	18	18	19	19	3
OBG	932	959	988	1,016	1,041	1,062	1,080	149
OPHT	96	99	102	105	107	109	111	15
ORAL	8	8	8	8	8	9	9	1
ORTH	366	377	388	399	409	417	424	58
PC	131	134	138	142	146	149	151	21
PLAS	5	5	5	5	5	5	5	1
POD	117	121	124	128	131	133	136	19
THOR	51	53	54	56	57	58	59	8
UROL	174	179	185	190	195	198	202	28
V/T	129	133	137	141	144	147	150	21
	3,978	4,087	4,209	4,327	4,435	4,524	4,601	623

Notes: *GEN includes general, colorectal and breast surgery. Excludes tissue procurement Source: MSMHC OR System; FY 2014 through February